

Presentation of the Budget Vote for the Western Cape Department of Health

MINISTER OF HEALTH, THEUNS BOTHA

Western Cape Provincial Parliament

Thursday, 25 March 2010 at 14:00

Mr. Speaker

Honourable Premier Zille

Leader of the Opposition

Chairperson of the Standing Committee

Honourable Members

Representatives of the Treatment Action Campaign Western Cape

Media representatives

Guests, ladies and gentlemen

THE OPEN OPPORTUNITY SOCIETY FOR ALL

It will be easy to speak of the Open Opportunity Society for All if I did not believe in it. But I do believe that government should facilitate opportunities for all our people, and that belief in itself empowers citizens to see and capitalize on the opportunities that government offers. The Open Opportunity Society for All will only mean something in people's daily lives when they can see an opportunity and at the same time have a vision of the full potential of that opportunity. This must be true for businessmen with capital to invest, but also for mothers and fathers who want a safe, secure and healthy environment for their family and their children. In this country people only want to see the possibility that such an environment is possible, and I believe that this province is creating that example that this country so desperately needs, so desperately yearns for.

In determining the Health Department's strategic objectives for the medium and long term, it is core to look at the objectives in the context of Western Cape government's mission, goals and opportunities for the people of this Province.

In terms of the provincial objectives for the next 5 years, the Burden of Disease (no. 8), Strategic Partnerships and Income Streams (no. 4), Skills and Training (no. 2), and Customer Care and Citizen Responsibility (no. 7) have been adopted as most important and will receive priority in this order. Key activities here are the development of strategies together with all stakeholders to address the burden of disease resulting from the misuse of alcohol and abuse of drugs in the province, the latter as a support to the strategy lead by the Office of the Premier.

Key focus areas

This budget that I am tabling today, sends a strong message to all role players and stakeholders in the health and medical sectors that this provincial government wants to bring about change in the lives of people who depend on our facilities and our services. The Department provides health services to around 3, 8 million people in the Western Cape, the 73% of the population who do not have access to health insurance, as well as people from other provinces who require very highly specialized health services, and who should have access to the opportunities that this province offers.

Since my appointment as provincial Health Minister, one of my core messages have been that government is facilitator of opportunities to generate income streams, not a provider of income streams. To that end I have focused on building a working relationship with the private sector, and inviting the private sector to become our partners in health. I have been astounded by the response to that invitation, and meet with business representatives on a daily basis to expand on the opportunities that have opened up for this government as a result of our Opportunities for All approach. Similarly we are experiencing new partnership opportunities with NGO's, NPO's and organizations in the health sector and in our communities.

In the past year we have researched a whole array of different options to create more revenue for Health in the Western Cape. The options that we will be developing further are greater focus to recover unpaid patient fees. We are making amendments to increase license

applications and annual licensing fees, and are in negotiations with the corporate sector on commercial rights. We are at present in the process of putting out a tender to render financial consultancy services for revenue generation and savings proposals for a period of 2 years. The successful bidder will make proposals on bed levies, consultation levies, and prescription levies, as well as medical tourism as an income generator. Lastly we are determined to regain millions of rands owed to us by the Road Accident Fund, the Departments of Justice and Defence, and other national institutions.

CHALLENGES

The Western Cape Department of Health is challenged by increasing numbers of patients reflecting the growth in the Western Cape population. From 2001 to 2007 our statistics reveal an estimated population growth of 16,7 %, but the burden on our budget are more acutely reflected in an escalation in patient numbers at over 3% per annum for the last several years. In addition to an increased patient load, the inflation of costs related to purchase of goods and services at around 16% for the past two years well above the official inflation rate places an increasing burden on the budget allocation of the department. This has resulted in over-expenditure of the budget allocated for goods and services during the 2009/2010 financial year.

During the same period the cost of personnel has increased significantly due to the implementation of the Occupation Specific Dispensation (OSD) for nurses, medical and dental practitioners, pharmacy staff and emergency medical personnel over the past two years. Whilst welcomed in that this has made salaries more competitive, the fact that the cost of the OSD was under-funded by R35 million, has placed further pressure on the provincial health budget.

The Western Cape Department of Health, in stark contrast with almost every other provincial department of health, will remain largely within budget as a result of tight financial and human resource management. Whilst praiseworthy, it must be recorded that this has had implications for service delivery further exacerbated by the significant impact of the H1N1 influenza epidemic that affected the province during the months of June to September 2009, resulting in many thousands of additional hospital and primary health facility patient contacts with increased intensive care admissions and just over 40 deaths during the same period. The

department received no additional funds for this unforeseen service pressure, despite requests to the National Department of Health and the Treasury in this regard.

Whilst health services in the Western Cape are operating under tremendous pressure, in comparison with other provinces this province is currently delivering health services at a much higher level. For this reason the Western Cape must and will play a key role in supporting the national effort to improve the perilous state of health services elsewhere in the country.

BUDGET DETAILS

The Department receives in the 2010/2011 financial year the biggest allocation of the provincial budget - a total allocation of R11, 963 billion rising to R13, 560 billion in the third year of the MTEF period. The 2010/2011 budget allocation to Health rises by 13, 3% from the revised 2009/2010 estimates and the contribution to the total health allocations from national conditional grants amount to R3, 482 billion. Income from patient fees is budgeted at R281 million for 2010/2011 but in my opinion the figure should be substantially higher and the department will be implementing various strategies to augment this and other income streams.

The Department of Health is a recipient of various national conditional grants totaling R3, 482 billion, which include major grants such as the National Tertiary Services Grant of R1, 763 billion, Professionals Training and Development Grant at R384 million and the Comprehensive HIV and AIDS Grant of R554 million.

The Health budget is divided between 8 departmental budget programmes with 86% of the allocation going to programmes 2, 3, 4 and 5 which fund the direct operational cost of the delivery of health services in the province.

Compensation of employees accounts for R6, 6 billion or 55% of the total budget while the purchase of goods and services for the provision of health services will require R3, 8 billion. The latter allocation makes the Department of Health the largest purchaser of goods and services in the provincial government at 54% of total provincial procurement of these services.

A positive feature of this budget, and not reflected previously, is the provision of a 12% inflationary factor for the purchase of goods and services, which is significantly higher than in previous years and made possible by the allocation of an additional R210 million by provincial Treasury.

At this point I want to commend my department for their financial management. The overspending of the other 8 provinces amount to an estimated R7 billion – Gauteng R1.75 billion, KZN R2.3 billion, Eastern Cape R1.6 billion, and it has become standard procedure for them not to pay their accruals and they are always massively in arrears with creditors.

Nevertheless, fiscal discipline must be the watchword for management at all levels for the coming year.

PROGRAMME 1: ADMINISTRATION

This programme, which is responsible for the strategic management and overall administration of the Department, receives R397 million which amounts to 3, 3% of the total health budget.

An important development during the 2010/2011 financial year will be the restructuring of key management posts to strengthen both infrastructure management and strategy and support functions within the overall management of the department. I will be making exciting announcements in this regard very soon.

A key initiative is the appointment of an independent complaints commission that will investigate complaints from patients. This will form part of the implementation of a quality assurance program to address the quality of health services. The programme will address the complaints that we address every day, and that relate to patient safety, infection prevention and control, cleanliness, waiting times, staff attitudes and stock management.

Some of these initiatives are client satisfaction and waiting time surveys that will be measured against the drastic improvement of patient experience at our facilities. It is unacceptable that poor people, dependent on our free services, should be treated poorly. The programme will

implement weekly meetings to manage stocks. In my meeting with the Treatment Action Campaign last week, I made it absolutely clear that this province will not wait for supplies from national government, but in cases of short supplies, the province will actively search for alternative suppliers.

At this point I want to say that we are very worried about the number of complaints that we receive from clients, and that the Department does take immediate action if standards of care are found to be below standard performance measured. We receive numerous complaints, but we also receive compliments, and for the health care workers who care for patients under extreme conditions, I have the deepest respect.

PROGRAMME 2: DISTRICT HEALTH SERVICES

This programme is responsible for service delivery within the district health system. A key development during the last financial year was the establishment of six health districts, and in particular the further sub-division of the Metro district into four substructure offices. This restructuring has significantly strengthened the management capacity in the Metro District Health Services.

Over the next 5 years, Primary Health Care (PHC) strives to achieve a utilization rate of almost 4 visits per capita per annum, and service delivery further strengthened by the appointment of 37 family medicine specialists and 80 family medicine registrars who will work within the district health system.

The Chronic Dispensing Unit (CDU), currently situated on the grounds of the Tygerberg Hospital, dispenses and packages over 150 000 scripts each month which enables the more efficient delivery of chronic medication to patients in the primary health services. The CDU has proved to significantly reduce waiting times for patients. The service is regarded as a vital support service to continuously improve our service to our patients. To this end we have issued a Terms of Reference bid to the market for this CDU service for a 5-year period, with the extension to the entire province, including the rural districts. We will be looking forward to bids that are innovative and excellent value for money. This initiative in the Western Cape is now a national

benchmark, and several other provincial health departments have expressed interest in adopting this process after visiting the facility.

Personally I am proud, and excited, about the community based services provided by home carers appointed through NPO's. This programme has proved to be very successful, and a perfect demonstration of opportunities for all our people. Through increasing the productivity of the existing care givers by around 6%, service levels will increase marginally during the new financial year. The program will be allocated R129 million and employs more than 2400 home carers.

District hospitals will remain under pressure, particularly in the Cape metropolitan area due to increasing patient numbers. The total bed numbers will be augmented during the MTEF period by the commissioning of the Khayelitsha and Mitchell's district hospitals in the 2012/2013 financial year. Our central hospitals – Groote Schuur and Tygerberg – were built in the apartheid vacuum and this provincial government demonstrated our seriousness to bring about change when we continued to acquire financial resources to build the Mitchell's Plain Hospital, despite fiscal shortfalls from national government.

In a demonstrated effort to take the fight against AIDS to the next level, the Western Cape is pursuing three bold initiatives, together with the existing strategies - essential to taking the fight against AIDS to the next level. From April this year, the Western Cape Department of Health will be offering routine HIV testing to all public health facilities in the Western Cape, on a provider based system, as a standard of care in each facility and is encouraging the private sector to adopt a similar approach. The second initiative is to commence treatment when the CD4 count falls below 400 as against the current practice of only beginning treatment when the count has dropped below 200. Together with the third initiative - triple therapy for the prevention of mother to child transmission (PMTCT) – the programme will reduce the number of HIV infections by 50% by 2015, and will result in a decrease in the HIV prevalence in the age group 15-24 years to 8% by 2015. TB, which occurs in epidemic proportions in the Western Cape, will be addressed through the expansion and enhancement of high quality DOTS in the high burden TB sub-districts.

Yesterday being World TB day, I want to reiterate my commitment to improve TB testing methodology, also on the provider-based system, and that we are looking into the evaluation of modern testing equipment that will provide immediate sputum-test results.

Child and women's health will be addressed through the implementation of a provincial "saving mothers and children" plan, which aims to reduce the mortality of children under the age of 5 years to 30 per 1000 live births and maternal mortality to 90 per 100 000 live births by 2015. The department aims to immunize all children under 15 years of age against measles and polio as part of a national mass immunization campaign.

Programme 2 is allocated R4, 223 billion which amounts to 35, 3% of the total health budget and is a nominal increase of R719 million or 20,5% year on year and R446 million or 11, 82% compared with the revised estimate.

The funds are divided amongst ten sub-programmes with R3, 263 billion or 77% allocated to community health clinics, health centers and district hospitals. These facilities will provide services directly to communities through an estimated over 17 million PHC visits and over 1 million patient day equivalents (PDE's) in district hospitals. The HIV and AIDS programme will receive over R560 million and in addition it is expected that additional funds will become available if the application for continued Global Fund funding is successful. It will significantly alleviate the funding pressures within the HIV and Aids program where increased patients numbers as a result of changes in national and provincial policies will place pressure on existing budget. A decision in this regard is expected shortly. We applied for R1.2 billion rand over a 6-year period.

PROGRAMME 3: EMERGENCY MEDICAL SERVICES

The programme is responsible for the rendering of emergency medical services and planned patient transport and is allocated R560 million or 4, 7% of the Vote in the 2010/2011 financial year. This is an increase of R72 million or 15% year on year and R35 million or 6, 6% compared with the revised 2009/2010 estimates.

Improving the response times within the emergency medical services remains a key priority for the programme. The service will aim to have 130 rostered ambulances deployed during 2010 to achieve a 60% priority 1 response within 15 minutes in urban areas and a response to all calls within 60 minutes, both urban and rural, in 65% of cases. Yesterday, on behalf of the Emergency Services Unit, I received 71 new ambulances that will now be deployed on our roads. These new ambulances have also been purchased during the run-up to the 2010 FIFA World Cup in order to strengthen our Emergency Services and will ensure that both tourists and the people of the Western Cape are provided with prompt, reliable and quality medical services during this busy period.

The 71 ambulances will replace a number of the older vehicles in the EMS fleet and will result in around 76% of the 244 vehicles in the fleet having less than 200 000 km on the odometer.

The FIFA 2010 Health Unit is situated within the EMS and will coordinate all health responses during the tournament. It can be indicated with a measure of pride that the Western Cape has lead the way in these preparations nationally and that a recent assessment by the National Deputy Minister has indicated that the province is ready to handle any eventuality during the World Cup later this year. Significant legacies of these preparations are the additional staff, equipment and heightened major incident preparedness across all the services that will remain after the event.

A challenge is to improve the coordination between all levels of care which will improve patient flows through the health system and reduce the load on emergency medical services and patient transport. We are working closely with doctors at our trauma units in central hospitals to streamline the reception and transition of trauma patients. Groote Schuur Hospital's trauma unit, as an example, has experienced a 34 percent increase in trauma patient load.

In addition this programme funds emergency medicine which will focus on the provision of emergency care across the province and in addition the training of emergency care practitioners.

PROGRAMME 4: PROVINCIAL HOSPITAL SERVICES

This programme, which is responsible for the delivery of a wide range of general specialist hospital services as well as hospital services for patients requiring hospitalization for tuberculosis, psychiatric disorders and specialized rehabilitation, receives 24% of the departmental budget or R2, 876 billion. The programme also provides an important platform for training health professionals and undertaking health research. The programme is largely funded from the provincial equitable share but receives an allocation of R87, 5 million from the Health Professions Training and Development Conditional Grant to address the cost to the services of training health professionals on the service platform.

The programme funds 2367 general specialist beds across the province, which will manage an estimated one million patient day equivalents in the coming financial year at a cost of R2178 per PDE.

The programme is divided into five sub-programmes with general hospitals receiving the largest share at R1, 979 billion or 69% of the total allocation to the programme. Tuberculosis hospitals are allocated R178 million, psychiatric hospitals R507 million and rehabilitation services R122 million, while the dental training hospitals receive R94 million. It is important to note that general specialist or level 2 services provided within the three Central Hospitals are funded from programme 4, which allows the consolidation, funding and management of these services in an integrated manner.

New CT scanners have been acquired for the regional hospitals in George, Worcester, and Paarl and at the Somerset Hospital will improve access to specialist radiological services particularly in rural areas addressing a service delivery bottleneck that has resulted to prolonged hospital stays in the past.

A R30 million upgrade of the emergency unit at the Somerset Hospital to address the requirements for the FIFA 2010 World Cup will be completed shortly and is a significant legacy for the Western Cape Department of Health from this international event with the health facilities created in the Cape Town Stadium an additional benefit.

PROGRAMME 5: CENTRAL HOSPITAL OR HIGHLY SPECIALIZED SERVICES

This programme renders highly specialized, tertiary and quaternary health services in 1460 beds within the three Central Hospitals, the latter on a national basis while providing an important platform for the training of health professionals and undertaking research. All the available beds have been incorporated into a unitary Western Cape Tertiary Service.

Central hospital services are allocated R2, 596 billion or 22% of the health budget. Programme 5 is funded largely from national conditional grants namely the National Tertiary Services Grant in its entirety amounting to R1, 763 billion and a significant portion of the Health Professional Training and Development Grant amounting to R200 million.

The three Central Hospitals, Groote Schuur, Tygerberg and Red Cross War Memorial Children's Hospitals are thus funded in total from allocation made in both programmes 4 and 5. The Central Hospitals in particular have been challenged by the steep rise in personnel costs driven by the improvements in conditions of service and the implementation of the occupational specific dispensation for nurses, doctors, pharmacists, social workers and engineers. This has had an impact across the department but particularly in programme 5 because of the steep rise in the remuneration packages for highly trained health professionals a majority of whom are on the staff establishments of these hospitals.

Further pressure on the budgets of these hospitals in particular has been the high levels of medical inflation which significantly exceeds general inflation with a comparable basket of goods and services rising year on year by up to 18%. Strict controls measures and financial controls have been implemented and will be continued to ensure the best value for money for all expenditure.

PROGRAMME 6: HEALTH SCIENCES AND TRAINING

This programme which funds the training and development opportunities for serving employees and prospective employees of the Department of Health, has been allocated R217 million.

The Western Cape College of Nursing receives R49 million while R66 million is allocated for the provision of bursaries largely for nursing students enrolled at the Western Cape College of Nursing and the University of the Western Cape.

The programme also funds the training of emergency medical personnel and a variety of discipline specific training courses for employees of the Department of Health.

PROGRAMME 7: HEALTH CARE SUPPORT SERVICES

This programme provides predominantly for laundry and engineering services and is allocated R216 million with a marginal increase from the revised estimate. Equipment within the laundry services has been upgraded in the previous two financial years and this will continue. Efforts continue to ensure that the laundries function in the most cost-effective manner. A major initiative is the upgrading of the Lentegeur laundry as part of the revitalization projects at the new Khayelitsha and Mitchell's Plain hospitals. Engineering services effectively deal with routine maintenance and repairs with the funds available but are challenged by the limited budget and the difficulty of retaining skilled staff.

Forensic Pathology Services whilst managed within the Chief Directorate general specialist services are funded from Programme 6. This service will strive for an average response time of less than 40 minutes and to maintain a 3, 5 day turn around with respect to forensic examinations. New forensic pathology service facilities will be commissioned at Malmesbury, Paarl and Worcester during the coming financial year which will improve significantly the conditions for staff and the experience of bereaved families, which is currently far from ideal in the existing facilities.

The working capital for the Medicine Trading Account is provided from Programme 7 and has been increased in line with inflation.

PROGRAMME 8: HEALTH FACILITIES MANAGEMENT

This programme makes provision for new health facilities, upgrading and maintenance of existing facilities through funding received from national in the form of the Hospital Revitalization Grant, R580 million for the 2010/2011 financial year and R1, 572 billion over the MTEF period, and the Infrastructure Grant to Provinces, R132 million for the 2010/2011 financial year and R471 million over the MTEF period. The programme is allocated R877 million for the 2010/2011 financial year and a total of R2, 560 billion over the MTEF period.

The programme in future will be managed by the newly created Chief Directorate of Infrastructure Management which will establish capacity within the Department of Health to ensure the effective project management of infrastructure projects in line with the service level agreement between Health and the Department of Transport and Public Works.

Provision is made within the programme for a wide variety of projects that are at various stages of planning and construction. New community health centers are planned for Malmesbury, Kwanokuthula in Plettenberg Bay, Delft and Knysna and a new clinic is planned for Grassy Park. New ambulance stations are planned for Khayelitsha, Kwanokuthula, Ceres Vredendal, Leeu Gamka and Malmesbury. Construction of the Khayelitsha and Mitchell's Plain hospitals has commenced while the upgrading of Hermanus and Karl Bremer hospitals and the final phase of the revitalization of Vredenburg Hospital will start during the MTEF period. Caledon and Riversdale hospital upgrading is nearly complete.

Plans are being developed to engage the private sector in the upgrading and reconstruction of existing hospitals, which include the Helderberg, Mossel Bay, Somerset and Stikland Hospitals.

Revitalization of regional hospitals in George, Paarl and Worcester is progressing well and will continue to completion during the MTEF period. The upgrading of the Infectious Diseases

Hospital in Malmesbury, the Sonstraal Hospital in Paarl and the Harry Comae TB hospital in George has enjoyed priority. We are still looking for funding for the Brooklyn Chest Hospital as a revitalization project.

At Central Hospital level Tygerberg Hospital has been registered as both a revitalization mega-project and a potential public private partnership is being investigated. Red Cross War Memorial Children's Hospital continues to benefit significantly from the financial and other support received from the Children's Hospital Trust.

IN CLOSING

Whilst the Western Cape Department of Health can be proud of many achievements in the past years it is imperative that we strive towards quality care and improved patient satisfaction. This will be achieved by managers focusing on the key performance areas of clinical service delivery and transformation, clinical governance and quality assurance and effective corporate governance through effective management. Through these actions the department will also contribute to the provincial goal of maximizing health outcomes by improving the manner in which health services are delivered and together with other role-players taking steps to address the burden of disease. The outcomes translate into making an Open Opportunity Society for All a reality.

I would especially like to thank the Minister of Finance, Economic Development and Tourism, Alan Winde, the Head of Health, Prof. Househam, my office, and my wife Sarie, for their continued support.

Ends